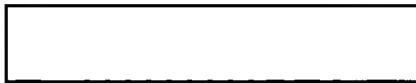


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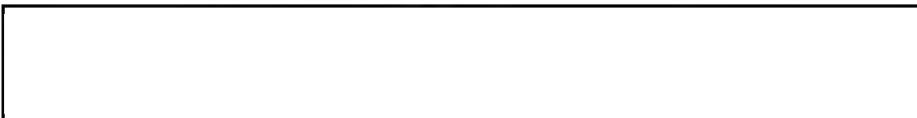
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SOUTHEAST ASIA

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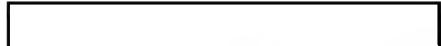
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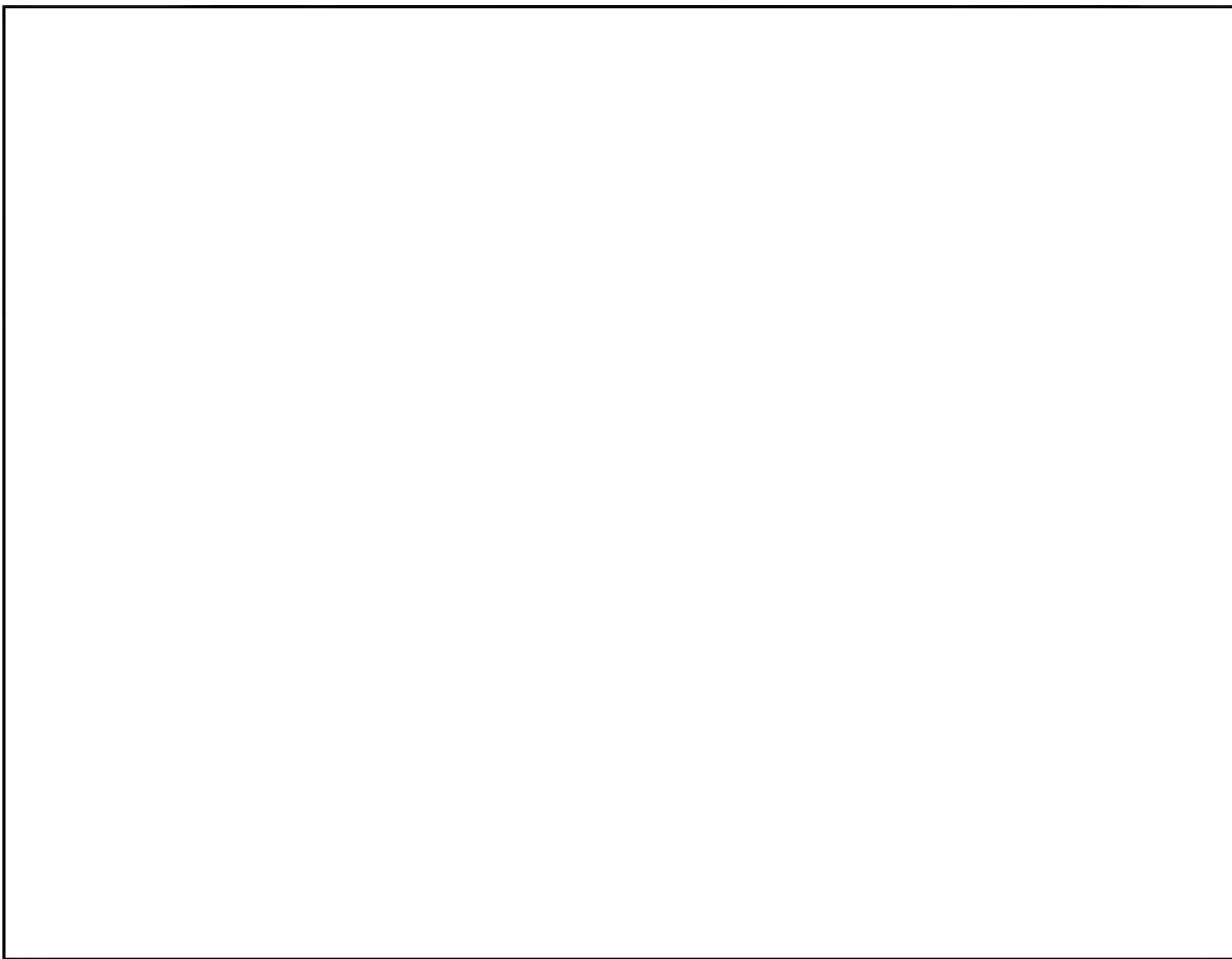
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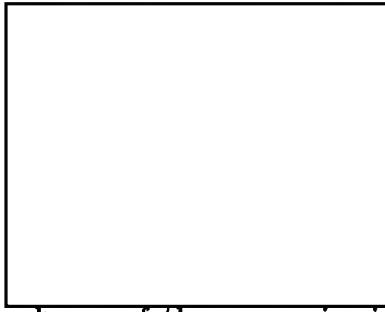
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SOUTHEAST ASIA

3. Polish contingent on Indochina control commission still growing:



The recent arrival of eight Polish truce officials has brought the total Polish delegation in Phnom Penh to 62 persons, the American embassy reports. The Cambodian government is concerned over this increase in the size of the International Control Commission, whose expenses it must defray. Indian and Canadian members of the commission favor a reduction in personnel.

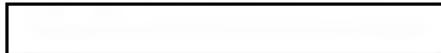
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Meanwhile, a Canadian truce official in Hanoi has informed the American consul that 40 Polish technicians arrived there recently. These persons are not truce officials and will presumably be employed by the Viet Minh government.

Comment: The Polish delegation in Cambodia has taken the position that its most important work "is just beginning." The Cambodian government takes the contrary view that with Viet Minh forces now withdrawn the work of the truce commission has ended. The Polish contingent in Cambodia is more than double the size of the Canadian.

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4. France reported about to press for Diem's removal:

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The French government is considering putting pressure on Bao Dai to return to Vietnam, remove Premier Diem, and take over the government himself

prior to turning it over to Buu Hoi or Buu Loc,

as quoted by
Vo Lang, spokesman for Diem's special emissary in France.

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Vo Lang told Ambassador Dillon on 6 November that he did not believe Bao Dai would return to Vietnam. He added, however, France will press for Diem's replacement by Buu Hoi before Mendes-France's departure for Washington.

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Comment: The American embassy in Paris is concerned over the growing French support for Buu Hoi, who has not been in Vietnam for some time and is believed to have neutralist tendencies. The progovernment weekly L'Express is conducting a campaign on his behalf, and he is strongly backed by the premier's personal advisers as well as by the minister for the Associated States.

Mendes-France is scheduled to leave Paris for Canada and the United States on 13 November. His failure to curb the machinations of Buu Hoi supporters lends weight

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to reports that Paris is considering a change in its official policy of support for Diem.

5. Comment on Ho Chi Minh statement on French-Viet Minh relations:

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Ho Chi Minh's statement on 8 November that the Sainteny mission in Hanoi "could contribute to the re-establishment of confident relations between the two countries" is in conformity with the Viet Minh policy of stressing peaceful coexistence with France. Ho hinted that Frenchmen would be welcomed in Hanoi to contribute to the economic development of the country. He also adverted to the Viet Minh theme developed at the Geneva conference that the eventual participation of the Viet Minh within the French Union might be discussed.

The Viet Minh tactic appears to be to provide ammunition to those official and unofficial circles in France which favor doing business with the Viet Minh and perhaps even completely writing off non-Communist Vietnam. The strength of these French elements is indicated by the considerable support which Prince Buu Hoi has received from high French officials.

Despite this ostensibly conciliatory Viet Minh policy toward the French, concrete concessions to French interests in Tonkin have so far been of a minor nature. [redacted]

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6. "Thai liberation committee" reported established in Laos:

[redacted]

controlled territory in northern Laos. The committee is said to be headed by Tiang Sirikhan, a Thai politician who dropped from sight in late 1952 and who was a close associate of Pridi Phanomyong.

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Comment: Viet Minh sponsorship of "free Thai" activities in Laos would appear to be a logical development, since northeastern Thailand is highly vulnerable to Communist penetration. It has a long frontier with Laos, its people are closely related to the Laotians, and Bangkok's neglect of the area's welfare has stimulated widespread resentment against the central government.

Tiang Sirikhan is generally believed to have been killed by the Thai police, but confirmation of his death is lacking. Prior to his disappearance, he was an antigovernment politician from the northeast, where he commanded a large popular following. Pridi Phanomyong, former Thai premier, was revealed by Peiping in July 1954 as its puppet.

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EASTERN EUROPE

7. Comment on transfer of joint Soviet-Hungarian companies:

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Moscow's announcement on 8 November of the transfer to Hungary of all five joint Soviet-Hungarian enterprises, including the important aluminum-bauxite company, and the Soviet-owned trade-industrial bank apparently marks completion of the Soviet program of withdrawal from direct operational control of numerous sectors of the Satellite economies. The only companies in which the USSR retains a direct interest are the uranium mining companies in several Satellites, the joint petroleum company in Rumania, and the joint nonferrous mining company in Bulgaria.

Hungary must repay the value of the Soviet share of the joint companies and the value of the trade-industrial bank "over a period of several years on preferential conditions." This obligation may place an additional burden on the Hungarian economy, already suffering from the failure of the new course program.

The Soviet withdrawals from the joint companies appear to result from a general Soviet policy designed to stress the economic and political independence of the individual countries of the Orbit. The return of these companies, however,

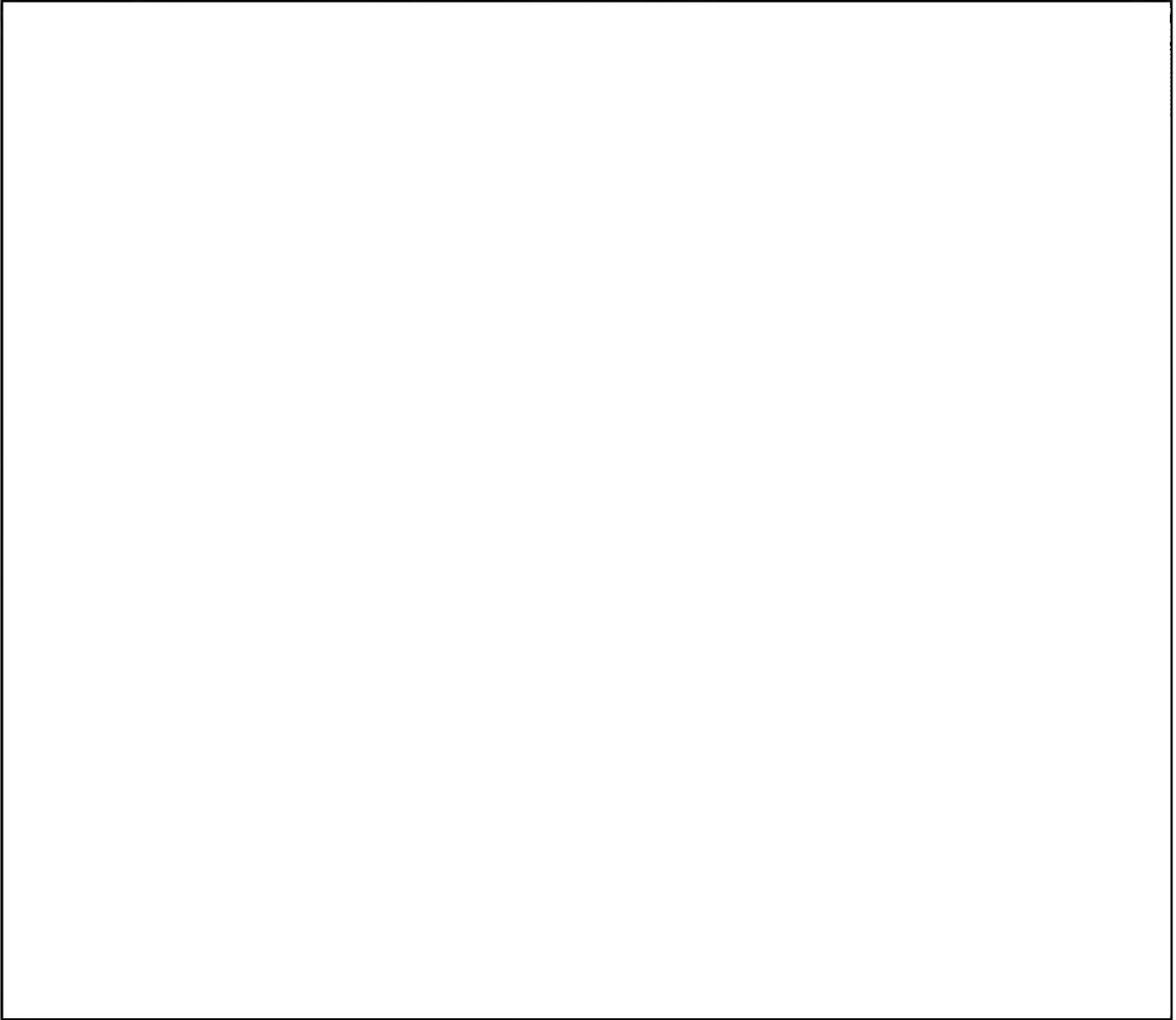
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will not result in a weakening of Soviet control of the Satellite economies, which will continue to be exercised through high-level government advisers and party leaders.

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